

2005 RECOMMENDED OPERATING BUDGET NARRATIVE AND APPROPRIATIONS

County of Suffolk, NY

. . . A Blueprint for Smart Government . . .

STEVE LEVY
COUNTY EXECUTIVE




VOLUME No. 1

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COUNTY EXECUTIVE SUMMARY

The items below highlight selected actions taken and/or recommended to adopt "Smart Government" policies, saving Suffolk County taxpayer dollars and providing services more efficiently.

 SUFFOLK COUNTY OPERATING BUDGET OVERVIEW	
1)	Provides for a one million dollar decrease (2%) in the General Fund property tax warrant.
2)	Includes two weeks of sales-tax free clothing purchases.
3)	This low-tax budget was created without relying on Tax Stabilization Reserve Fund dollars to support operating expenditures.
4)	Provides for a smaller government through the abolishment of 295 authorized positions overall from the 2004 adopted budget. After applying Smart Government principles, the net reduction in authorized positions is 185 (excluding 70 new Sheriff sworn personnel).
5)	Numerous authorized positions have been abolished, including the Chief Deputy Commissioner of Parks, Assistant Deputy Commissioner of Police, five Board of Election positions and eight public relations positions, <u>including one in the County Executive's Office.</u>
6)	County Executive's Office net personnel expenditures are at a level below or equal to 2002, as adjusted for inflation, despite the creation of a new Management Unit.
7)	\$2 million has been removed for excess vehicle purchases and excess travel.
8)	Does not include any fee increases, as other counties have done.
9)	Moody's rating agency gave Suffolk a "positive outlook."
10)	Pay-as-You-Go funding has been reinstated due to a change in current fiscal conditions and to avoid paying



SUFFOLK COUNTY OPERATING BUDGET OVERVIEW

	interest on annual operating functions and materials.
11)	Downtown revitalization is back in the budget, allocated on a pay-as-you go basis.
12)	A Retirement Contribution Reserve Fund is being established to avoid large future tax increases to fund state mandated pension costs.
13)	The 2005 budget is balanced without resorting to using one-shot revenues.
14)	"Smart Government" principles are embodied through the creation of the new Management Unit in the Executive's Office.
15)	Major Police Department reforms are recommended, including civilianization of over 100 positions, restructuring of the DARE program using retired officers, Police administration reductions, redeployment of staff to meet peak demand, expanded foot patrol coverage, and enhanced operation of the 7 th precinct.
16)	Bulk purchasing of pharmaceuticals is being implemented to drive down prescription drug costs by combining purchases of Employee Medical Health plan with the Suffolk Health Plan.
17)	Creates a new "Alternatives for Youth" program, which will provide better services to children in crisis more quickly while saving at least \$1 million in the first year of operation by preventing institutionalization of children.
18)	Computer operations and the county's many Geographical Information Systems will be consolidated to improve communication, coordination and the ability of the county to market this essential information.
19)	A pharmacist will be placed in the Jail Medical Unit to save taxpayer dollars by reducing the use of contracted services.
20)	A Blue Ribbon Panel on Criminal Justice is being created to examine methods of limiting the size and scope of the second phase of the new county jail project.



SUFFOLK COUNTY OPERATING BUDGET OVERVIEW

21)	An audit will be conducted of the Employee Medical Health Plan pharmaceutical program to uncover and eliminate waste and duplication.
22)	A unit to audit contract agencies is being funded to ensure taxpayer grants are spent wisely.
23)	Efficiencies in the monitoring and oversight of our historic Parks Department facilities will be enhanced by establishing an in-house unit to replace the present outside contractor. Undervalued rental deals at Park facilities will be eliminated.
24)	A four-member unit is being established in the Parks Department to oversee county open spaces.
25)	A new cash management unit in our Parks Department will be created to provide greater accountability on the handling of cash at our Parks and to avoid theft.
26)	A new unit of county security staff is created to patrol Gabreski Airport, freeing up Deputy Sheriffs for other functions and reducing overtime.
27)	An independent study will be continued to determine how savings can be effectuated in the Employee Medical Health Plan.
28)	County functions are being consolidated and reorganized to enhance accountability, efficiency, operations, and policy priorities. Several environmental positions scattered throughout the county will be consolidated into a single Department of Environment & Energy.
29)	Our commitment to affordable housing is highlighted by consolidation of the Community Development Agency and the Affordable Housing Director into a new Economic Development & Workforce Housing Department.
30)	The Print Shop from Civil Service and the Condemnation Unit from Real Estate are being moved to DPW, promoting smart management principles by unifying lines of supervision.
31)	Personal property auctions are being aggressively implemented for the first time in over a decade to supplement



SUFFOLK COUNTY OPERATING BUDGET OVERVIEW

	our real property auction to bring in more revenues.
32)	Printing costs will be reduced by continuing automation of Standard Operating Procedures Manual and Capital and Operating Budgets.
33)	Authorized conversion of the Suffolk Health Plan to a Family Health Plus managed care provider generating an estimated \$3 million in additional revenues annually.
34)	\$500,000 will be saved by purchasing Health Department equipment through the Suffolk Health Plan rather than through the General Fund.
35)	The County Attorney's Office has secured numerous defense verdicts and settled fewer lawsuits, resulting in \$4.17 million cost avoidance through the first half of 2004.
36)	A consultant will be hired to recover an estimated \$2.5 million in state reimbursement for a specific population of Medicaid clients that is not incorporated into the state system with the correct code.
37)	Services to the needy in Suffolk have been maintained with a 2% increase for contract agencies. Bus routes, such as the S-92 servicing the working class, have been enhanced.
38)	Excess handicapped funding from the state will be used to create a unique handicapped playground and to enhance playground safety generally.
39)	Waiting rooms in departments serving the public, such as Health and Social Services, will be enhanced with child friendly materials.
40)	Human and fiscal costs associated with high infant mortality rates will be addressed through the creation of two new pre-natal nurse units providing services to both eastern and western Suffolk County.



SUFFOLK COUNTY OPERATING BUDGET OVERVIEW

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| 41) | A commitment is being made to expand the Long Island Regional Planning Board to provide enhanced abilities for long term planning. |
| 42) | An aquaculture program is being created to revive the shellfish industry in Peconic Bay. |
| 43) | Positions have been created to assist in conforming to REMSCO procedures to enhance ambulance response times. |
| 44) | Provides anticipated expenditures for reasonable salary increases for all bargaining units without contracts |
| 45) | Enhanced funding has been provided to the District Attorney for continuation of his public integrity investigations. |
| 46) | The budget continues our commitment to the Living Wage Law and principles. |
| 47) | Two police classes, one in March of 2005 and one in October of 2005, totaling 100 officers, are being funded. |
| 48) | In 2005, ambulance and fire department volunteers will receive a 10% real property tax exemption on all county taxes. |

September 17, 2004

The Honorable Joseph Caracappa, Presiding Officer
Members of the Suffolk County Legislature
William H. Rogers Legislative Building
725 Veterans Memorial Highway
Smithtown, New York 11787



Dear Presiding Officer Caracappa and Legislators:

I am pleased to present my 2005 recommended operating budget for legislative consideration. I consider this budget document to be a **"Blueprint for Smart Government."**

As has been the case with my proposed Capital and Community College budgets, I have stressed the importance of fiscal discipline through smart management, and as a result, those budgets would not have raised taxes in 2005. That trend to control taxes is continued with this budget.

Most importantly, my recommended 2005 Operating Budget:

- ✓ Provides a decrease of one million dollars (2%) in the General Fund property tax warrant.
- ✓ This is a monumental achievement given the fact that earlier this year, we faced the largest budget shortfall in our county's history.

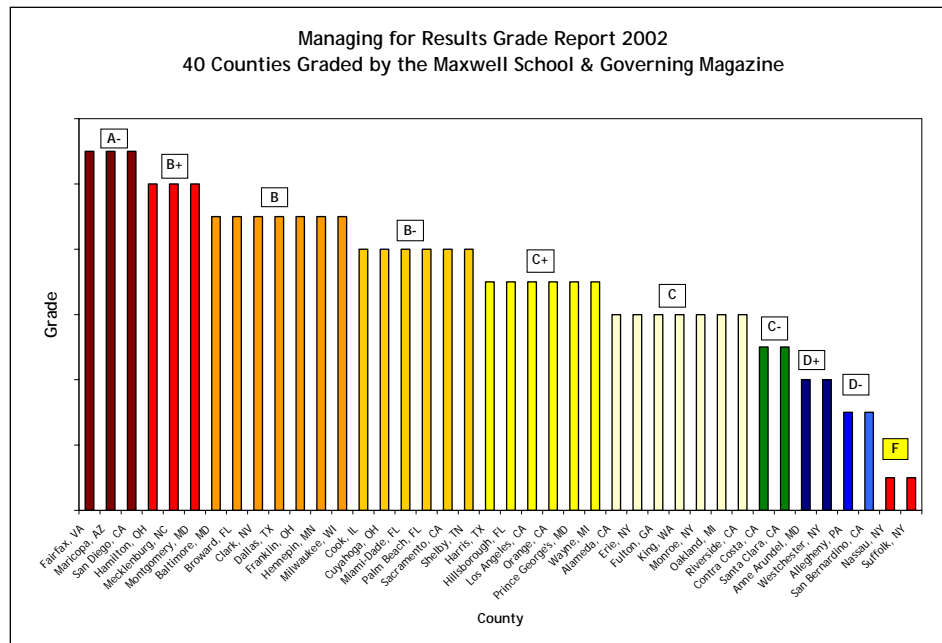
- ✓ The efficiencies and restructuring we effectuated in our bi-partisan, landmark \$120 million budget reduction plan, adopted this spring, helped lay the foundation to avoid what would otherwise have been a massive tax increase.
- ✓ Presents a Police District budget, which pays for the salary increases mandated by the December 2003 arbitration awarded and provides for two Police classes while still remaining within the tax cap law.
- ✓ Is balanced for the first time since 2001 without relying on transfers, which averaged \$31.6 million annually, from the Tax Stabilization Reserve Fund (TSRF). Rather, I am recommending an increase in the TSRF fund balance by \$11.7 million to control taxes into the future;
- ✓ Properly funds anticipated expenditures including reasonable salary increases for all bargaining units currently without contracts, as well as light, heat and power and health insurance;
- ✓ Conservatively budgets sales tax and other revenues and includes two weeks of sales-tax exemptions on clothing purchases of less than \$110; and
- ✓ Includes numerous initiatives to improve the efficiency and effectiveness of Suffolk County government.

I am proud of the work that my staff and departmental administrators have dedicated to creating new initiatives included in my recommended budget and am ready to discuss them in detail with my colleagues at the Legislature.

THE BLUEPRINT FOR SMART GOVERNMENT STARTS WITH GOOD MANAGEMENT

GOOD MANAGEMENT IS A GOAL

A central goal of my administration is to bring good management principles to the operation of Suffolk County government and to professionalize, to the greatest extent possible, our everyday operations. The last time the Maxwell School of Public Policy and Governing Magazine jointly rated counties, Suffolk's management practices received a failing grade of "F" relative to other large counties. In fact, Suffolk County's overall grade was C-, one of the four lowest grades given to the 40 counties who were rated on financial management, capital management, human resources, and management and information technology. The results for management are shown in the graph below, only one county other than Suffolk received an "F."



To improve county management, I have recreated a Management Unit within the County Executive's Office and staffed it with experienced professionals from within the county. A county the size of Suffolk, however, cannot rely on a Management Unit alone to provide supervision over a county budget that exceeds \$2 billion annually. The role of staff in the Executive's Budget Office has been transformed to include more management functions. The Budget Office has become the first line of review for all contracts, departmental expenditure requests, budget transfers and all hiring requests. Together with the Management Unit, Executive staff has numerous achievements, including the following:

- ✓ Assisted in the conversion of the Suffolk Health Plan to a Family Health Plus managed care provider, which will generate an estimated \$3 million in revenues annually once fully operational;
- ✓ Redrafted contracts with hospitals serving the John H. Foley Skilled Nursing Facility to avoid contract expenditures for periods of the day when hospital services are not needed;
- ✓ Saved \$500,000 by funding equipment for health clinics through the Suffolk County Health Plan, as opposed to the General Fund;
- ✓ Provided management and financial expertise and coordination to a variety of boards, commissions and task forces;
- ✓ Provided support and analysis to combine prescription drug RFPs for the Employee Medical Health Plan and the Suffolk Health Plan;

- ✓ Performed cost analysis of various county operations, including operation of a secure juvenile detention center;
- ✓ Coordinated inter-departmental efforts, such as the proposed Alternatives for Youth program;
- ✓ Provided Medicaid and pension analysis and reporting for our lobbying efforts in Albany;
- ✓ Increased productivity by increasing work week for exempt employees to 37.5 hours, pursuant to Executive Order;
- ✓ Established procedure for processing overtime requests, including requirement of double sign offs for overtime, pursuant to Executive Order;
- ✓ Reviewing all contracts to weed out wasteful spending;
- ✓ Reviewing travel vouchers and recommending removal of unnecessary vehicles;
- ✓ Aggressively pursuing personal property auctions pursuant to Executive Order; and
- ✓ Automated the standard operating procedures manuals and capital and operating budgets to save \$175,000 in printing and distribution costs and made county budgets more accessible by posting them on the internet.

Strengthening of the management functions within the Executive's Office would not be as effective without good departmental managers. All of the department heads that I have hired are experienced managers who have reviewed their departmental operations with an eye towards assessing operational efficiencies and recommending changes for improvement. My directive to them was to keep in-check the level of taxation our residents must bear.

GOOD MANAGEMENT IS PROACTIVE - ADDRESSING THE PROJECTED 2004/2005 BUDGET GAP

- ✓ Good management and smart government anticipates and deals with issues *before* they become problems; it is proactive. In January 2004, my administration identified an unprecedented \$238 million cumulative budget problem for 2004/2005 and took steps to tackle it.
- ✓ The problem was addressed through Resolutions 271-04 and 317-04, which instituted immediate corrective action including striking appropriations. This was supported by continued position and expenditure control by the Executive. These efficiencies, coupled with action by the state legislature authorizing temporary pension relief, Family Health Plus relief, and a growth in sales tax above forecasted amounts have helped mitigate the immediate problem for 2004 and 2005. Details of some of the major adjustments to moderate the projected shortfall are shown in the table below.

Summary of Major Adjustments Related to the 2004/2005 "Budget Gap" <i>in Millions of Dollars</i>	
	2004/2005
Originally forecasted problem	\$238.00
Less revised estimated value of resolutions 271-04 and 317-04	(\$120.2)
Less pension relief for 2004/2005	(\$66.00)
Less Family Health Plus relief (Medicaid) for 2005	(\$6.90)
Less 2003 fund balance that exceeded expectations	(\$57.50)
Less management initiatives to reduce expenses in 2004 (position control and other than personnel services)	(\$10.0)

Summary of Major Adjustments Related to the 2004/2005 "Budget Gap" <i>in Millions of Dollars</i>	
	2004/2005
<i>Less</i> sales tax revenue increase	(\$30.6)
<i>Less</i> unanticipated deferred tax revenue	(\$4.90)
<i>Less</i> unanticipated growth in Clerk and Real Property Revenues	(\$16.0)
<i>Fund</i> pay-as-you go	\$27.40
<i>Fund</i> pension costs	\$35.00
<i>Fund</i> transfer to tax stabilization reserve fund	\$11.70
	\$0

- ✓ These actions have allowed us to present a budget for 2005 that provides for a slightly lower General Fund property tax warrant than in 2004 and keeps the Police District property tax warrant within cap requirements.

GOOD MANAGEMENT REQUIRES MULTI-YEAR FORECASTING AND BUDGETING

While the immediate problems of 2004/2005 have been addressed, many of the positive factors like larger than anticipated fund balances, are non-recurring revenues. To the largest extent possible, these non-recurring revenues should be conserved in reserve funds or used to reduce recurring costs. Non-recurring revenues, should not as a general principle of budgeting, be used to expand the level of on-going, recurring expenses. The 2005 recommended budget should not be presented, nor should it be adopted, in isolation of the fiscal realities of 2006 and future years:

- ✓ The Budget Office and Budget Review Office agree that debt service is going to climb dramatically in response to pipeline debt as well as projects scheduled for 2004 and 2005;
- ✓ The cost of operating a children's shelter will need to be reflected in 2006;
- ✓ Comprehensive pension reform was never adopted - Albany simply added a longer fuse to the bomb, postponing the budget impact to those counties that are not proactive, to 2006;
- ✓ No meaningful Medicaid reform was made on the part of New York State budget - given the unwillingness to deal with the issue this year, it is unfortunately likely that we will not see significant reform in 2005 affecting 2006;
- ✓ The cost of operating the Police District is expected to continue to increase, driven by arbitration awards, employee health insurance and pension cost increases; and
- ✓ Costs related to the jail continue to cast a cloud on our future finances.

Our multi-year budget model projects that Medicaid and other mandated costs (such as debt service) together with salary settlements granted by arbitrators and rising employee medical health costs cannot be covered by increases in sales tax growth alone. It is incumbent upon Suffolk County to continue to be proactive, budget frugally and not fund recurring expenses with non-recurring revenues. To do so will accelerate the need to make the types of

decisions that other counties have been forced to make regarding staffing, service reductions, privatization and selling assets like nursing homes, or most disturbingly, dramatically increase taxes.

It should be noted that while my recommended Suffolk County operating budget provides for a slight decrease in the General Fund, many counties around the state have increased property taxes dramatically, as well as having raised local sales and mortgage taxes. While many counties are having their bond ratings lowered, Suffolk County, because of its prudent fiscal management, maintained its rating in spite of very difficult times and even received a “positive outlook.”

BUDGET HIGHLIGHTS AND INITIATIVES

THE POLICE DISTRICT

The unbudgeted 2003 Police arbitration award for 2004 will dramatically increase the costs of Suffolk County's Police District. To offset this cost increase, I have implemented initiatives to enhance efficiencies.

- 1) Management initiatives in the Police Department have increased staff availability during times when needed, redeployed staff to reduce the need for overtime during peak summer months, and encouraged supervisors to make recommendations outside of the normal chain of command directly to the Police Commissioner.

- 2) New management ideas at the Police Department are working, as evidenced by the nearly 8.2% reduction in crime in Suffolk County since January of 2004, and increased number of hours of patrols resulting from the Commissioner's redeployment of personnel to peak hours of crime activity.
- 3) Firearms training has been rescheduled from the summertime to the autumn to free up police resources to fight crime at peak hours and lower overtime costs.
- 4) Police administration positions have been reduced and administrators have been required to perform some patrol duties.
- 5) **Civilianization** in the Police Department has been likened to the quest for the "Holy Grail." Starting with former County Executive John Klein, every Executive's narrative has spoken to the need to civilianize the Police Department as a way to decrease costs and improve morale. In reality, however, actual civilianization was very limited.
 - My recommended budget takes the concept of civilianization to a level never before conceptualized (over 100 positions), continuing a process that began this year with the support of the Police Commissioner. The Executive has authorized the department to proceed with the hiring of civilian titles. When filled, the police officers who once held the civilianized positions will be returned to patrol functions.
 - The recommended budget includes an increase in termination pay, assuming that a percentage of the police officers in positions being civilianized may not wish to return to patrol and may retire.

6) The DARE Program provides a necessary attempt to steer our youth away from substance abuse and is therefore highly regarded by the public. While some studies question its value, it would be a mistake to eliminate the program. A better alternative is to revamp it and provide a more comprehensive program for our youth.

- There are more cost effective ways of continuing this program than by using police officers who are needed to deal with quality-of-life and criminal activities on the streets of Suffolk County. Transferring these officers would make approximately **32,760 hours of work time** available for direct services, thereby reducing overtime costs in the Police Department.
- A more cost effective-alternative to the current program structure is the use of retired or disabled police officers, who can fulfill the function which is only performed during the school year. The program will provide an expanded school curriculum that includes drug, alcohol, tobacco and gang resistance.
- This bold reform will allow us to save over \$1 million for our taxpayers, while also maintaining a relationship in the classrooms between the students and uniformed officers.

COUNTY STAFFING

- ✓ My budget plan reduces the size of government by abolishing 295 vacant positions from the 2004 adopted budget to offer a more accurate presentation of departmental staffing resources. In addition, several filled

positions are recommended for abolishment, reflecting our belief that the county must continually reassess its priorities and reduce staff that is not essential to the core mission of the departments and the county.

✓ Some of these cuts include:

- County Executive's Office net personnel expenditures are at or below 2002 levels (adjusted for inflation) despite the creation of a new management unit.
- The abolishment of a public relations position in the County Executive's Office;
- The abolishment of eight public relations slots countywide;
- The abolishment of an Assistant Deputy Commissioner position in the Police Department;
- The abolishment of an Assistant Airport Manager position;
- The abolishment of a Chief Deputy Commissioner of Parks;
- The abolishment of five Board of Elections positions.

✓ The recommended budget includes the judicious addition of staffing for a variety of different programs when efficiencies can result. The new positions have been more than offset by the recommended abolishment of vacant positions. This resulted in a net reduction of 185 authorized positions, exclusive of 70 new Sheriff sworn personnel. Wherever possible, the creation of a title has been offset through the abolishment of an existing vacant position.

- ✓ Some of these cost effective personnel additions include:
 - Parks: create positions to perform the duties of Friends of Long Island Heritage and to improve cash handling;
 - DSS, Mental Hygiene, Probation: create staff to replace and backfill positions that are being used to support the new Alternatives for Youth initiative that will save over \$1 million;
 - FRES: create two new positions to handle the additional workload created by the REMSCO guidelines;
 - District Attorney: Create clerical positions to support professional staff;
 - Sheriff: create new positions for civilization, and new positions for Deputy Sheriff and Corrections Officer classes to reduce overtime; and
 - Planning: create new position to coordinate Geographic Information System (GIS) use and development of geographical data bases in Suffolk's departments and the sharing of data with other users such as the Suffolk County Water Authority, LIPA, the towns, etc. This database when marketed can provide revenue to the county.

SUFFOLK COUNTY SHERIFF'S OFFICE

- ✓ The Sheriff is a county-wide independently elected official responsible for the operations of his department. His management of the department has a direct effect on the county's General Fund budget more than many

other departments with larger, total budget appropriations, like Social Services and Health. There is little offsetting aid for the operations of the Sheriff's Office.

- ✓ Like the Police Department, the budget outlook for the Sheriff's Office is grim. The department is faced with increased mandates imposed by having to transport prisoners to out-of-county facilities as well as a major construction projects that will increase operating costs both in the Sheriff's Office, Public Works (for heat, light, power, etc.) and in debt service. Coupled with chronic overtime expenses and increasing liability cases, the Sheriff is a cost center to which management resources need to be allocated to moderate cost increases.
- ✓ **Civilianization** in the Sheriff's Office can have as salutary a benefit as in the Police Department, and has been a similarly elusive goal. The Sheriff has not followed up on the recommendations made in the New York State Comptroller's audit of the commissary accounts to civilianize certain titles.
- ✓ The civilian positions that the Sheriff is seeking in his budget request will not lead to a reduction or redeployment of sworn staff, but are to supplement other civilian titles in the department. The 2005 recommended budget does not recommend civilian titles be created unless there is a concomitant reduction or redeployment of sworn staff.
- ✓ To encourage civilization in the Sheriff's Office, I have requested that the Civil Service Department, pursuant to New York State law, perform desk audits of sworn personnel (Deputy Sheriffs and Correction Officers) in payroll and other administrative functions to determine if they are working out of title. If they are, appropriate civilian positions will be created to perform these functions.

- ✓ I am also requesting that, with the chronic overtime problems in the Sheriff's Office, the Legislature and the Comptroller assign appropriate representatives to a joint task force made up of staff in the Budget Review Office, auditors from the Comptroller's Office, and staff from the Executive's Office of Budget & Management to work with the Sheriff in reviewing the operations of his office and make recommendations for civilization and for ways to reduce overtime. This multi-departmental and multi-disciplinary approach was used to make recommendations to the Treasurer about his operations with very positive results.
- ✓ We recommend creation of a new unit of county security staff to provide security at the Francis S. Gabreski County Airport instead of using Deputy Sheriffs, thus generating substantial cost savings.

I ask for the Sheriff's cooperation with Civil Service and our Budget Office in carrying out these cost-effective initiatives.

DEPARTMENT RE-ORGANIZATIONS

The recommended budget includes two new departments, without fiscal impact, that continue the theme of smart management and good government:

DEPARTMENT OF ECONOMIC DEVELOPMENT & WORKFORCE HOUSING

- ✓ The county's Affordable Housing/Workforce Housing Programs and the Community Development Agency are consolidated into this new department to provide a more efficient and coordinated approach to workforce housing and economic development issues.
- ✓ The department will combine Economic Development's focus of attracting and retaining new business and Community Development's oversight of federal grants for downtown revitalization projects. The role of the department will be expanded to address the lack of affordable housing alternatives through a more efficient and coordinated approach.
- ✓ I have appointed, and the Legislature has confirmed, Long Island's most prominent affordable housing leader to head the new department.

DEPARTMENT OF ENVIRONMENT & ENERGY

- ✓ The mission of the new Department of Environment & Energy will be to safeguard the natural resources of Suffolk County and to provide a single centralized office for consideration of issues and activities from the perspective of their impact on the environment. It will merge environmental functions and provide cabinet level status to preserving our natural resources.
- ✓ The department will consolidate the acquisition and preservation of farmlands, parkland, open spaces and ecological resources, will promote the remediation and redevelopment of Brownfield sites, conserve energy,

encourage proper solid waste management, and will coordinate efforts to ascertain any links between the environment and incidents of cancer on Long Island.

- ✓ The new department will be headed by a renowned and respected environmentalist.

DEPARTMENT OF PUBLIC WORKS

- ✓ The Print Shop is transferred from the Civil Service Department to Public Works, where it is physically located. This will improve coordination of services and provide unified management.
- ✓ Three positions from the Division of Real Estate will be transferred to the Department of Public Works, Highway Engineering, to reestablish the Condemnation Unit.

SALES TAX REVENUES

- ✓ Sales tax continues to be the single largest revenue in the Suffolk County budget. In 2003, actual receipts represented just over 50.4% of all revenues within the General Fund and in 2004 are projected to represent 54.6% of all General Fund revenues.
- ✓ My recommended budget estimates total sales tax revenues to be **\$1,077,000,000 in 2004**, an increase of 8.4% from 2003 actuals and 3.3% over the 2004 Adopted Budget. The increase in 2004 sales tax, a welcome surprise to economists for both the Executive and Legislature, can be attributed to:

- Benefits of the federally enacted tax relief that has created additional disposable income to both individuals and corporations, resulting in an increase in the purchase and consumption of taxable goods;
 - Continued low interest rates that unleash pent-up demand for cars, high priced durable goods and both new construction and home renovations;
 - Continued job growth, outpacing rates posted for the country, state and New York City;
 - Extension of the summer east-end tourist season;
 - A spike in petroleum based production (gasoline, fuel oil and natural gas) that has offset the benefits of a warmer winter and energy conservation; and
 - Additional revenues associated with the state's reinstatement of the sales tax on clothing under \$110.
- ✓ In arriving at my estimate for 2004, I have taken into consideration the strength of Suffolk County's economy, and my responsibility of protecting the taxpayers against any downturn in the economy caused by outside forces or the ravages of nature.
 - ✓ 2005 sales tax revenues are expected to grow by 4.75% in 2005, to **\$1,128,157,500**, based on the strength of Suffolk County's economy and many of the positive factors that influenced the 2004 estimate. We considered the following information while formulating the 2005 projection:

- The true rate of growth for 2004 was 5.4%. The 2004 base was lowered to exclude the estimated \$35 million associated with the reinstatement of sales tax on clothing between January 1, 2004 and May 30, 2004;
 - The Economic Outlook for 2005 is tempered by the Federal Reserve's policy of incrementally increasing interest rates which should begin to slow down the economy and moderate the growth in sales tax;
 - Consumer spending is projected to slow as the boost from tax cuts and refinancing seen in 2004 is beginning to wane;
 - There continues to be some uncertainty surrounding the national economy; and
 - The reduction of sales tax revenues related to two weeks of sales tax exemptions on clothing items in 2005 has been included.
- ✓ Taking all these factors into consideration, I am recommending an additional \$51.2 million in 2005 sales tax revenues over the 2004 estimate and feel that this is a prudent projection, based on the best information available.

MAJOR INITIATIVES

The 2005 recommended budget includes a number of management initiatives that improve the effectiveness and efficiency of county government while streamlining costs and maximizing the use of taxpayer dollars. Major initiatives are outlined below:

1. ALTERNATIVES FOR YOUTH PROGRAM

- ✓ The new Alternatives for Youth program provides an inter-departmental approach to handling our children in crisis. It was developed through the Legislature's Strike Force on Crisis Services for Children and Families and coordinated through my Office of Budget & Management;
- ✓ It provides a coordinated, inter-departmental effort to intervene early in situations involving troubled youth, thereby keeping them from entering the juvenile justice system and in some cases, being placed in expensive, full-time residential foster care.
- ✓ Overall, the program will save county taxpayers over \$1 million in the first year of operations alone. To make the program work, expenditure additions and reductions are included in the recommended budget in the Departments of Probation, Social Services, Health and the Executive Youth Bureau. A table with specific program funding details is included in the chart section of this narrative.
- ✓ The program will be administered by an oversight committee consisting of the Commissioner of Social Services, Director of Probation, Director of Mental Hygiene Services and Director of the Youth Bureau.

2. DEPARTMENT OF SOCIAL SERVICES RECOVERIES - CHAPTERS 620 AND 621

- ✓ The recommended budget provides for the retention of a consultant to perform a review of our Medicaid caseload, on a sliding scale contingent fee basis, to ensure that all Chapter 620 and 621 clients (those with five years or more of continuous housing in mental institutions) have been properly coded.
- ✓ The services provided by the consultant are to be done as a “turn key” operation, including client review, recovery claming and audit defense.
- ✓ It is anticipated that this analysis will result in the county receiving an additional \$2.5 million reimbursement from the state that is not presently occurring because certain Medicaid clients are not incorporated into the state system with the correct code.

3. GEOGRAPHIC INFORMATION SYSTEMS (GIS)

- ✓ Computer operations and the county’s many GIS components will be consolidated to improve communication, coordination and the ability of the county to market this essential information.
- ✓ A new GIS coordinator position in the Planning Department is created to ensure the most efficient use of resources and avoid duplication of development effort with in the various county departments.

4. JAIL OVERCROWDING INITIATIVES

- ✓ A new six-member Jail Overcrowding Recidivism Reduction Plan is established in the Probation Department to target probationers with substance abuse problems. The goal of the program is to reduce the rate of recidivism and incarceration by providing increased supervision and specialized treatment to the target population.
- ✓ Two additional positions in the Probation Department are created to assist in expediting pre-sentence investigations.
- ✓ A support unit is created in Probation for the Criminal Justice Coordinating Council (CJCC). A strong CJCC is central to providing long term solutions to jail overcrowding issues throughout the criminal justice community.
- ✓ A new unit is being established to examine methods of limiting the size and scope of the second phase of the new county jail project.

5. CREATION OF A RETIREMENT CONTRIBUTION RESERVE FUND

- ✓ New York State has adopted legislation which allows municipalities to establish a Retirement Contribution Reserve Fund and also makes a permanent statutory change in the due day for payments to the state retirement system from December 15th to February 1st of each year. Our December 15th, 2004 payment is now due on February 1, 2005.

- ✓ I am recommending creation of a Retirement Contribution Reserve Fund (Fund 420) and transferring funds appropriated in 2004 to this fund. The full pension payment amount is included in the 2005 Recommended Budget, with a partial offset taken from Fund 420, which will end the year with a balance that will assist in paying future mandated increases in retirement contributions, beginning in 2006.

6. EMPLOYEE MEDICAL HEALTH PLAN (EMHP):

- ✓ The geometric increase in expenditures for the EMHP has been of concern for a number of years. A recently formed audit subcommittee of the EMHP recommended discontinuing the services of the consultant performing the audit of the pharmacy benefits manager and evaluating the RFP for the plan manager services. I have approved expediting the selection of a new consultant to perform the audit in order to preserve our rights to seek recovery on any inappropriate payments made during 2002-2003.
- ✓ Despite the increasing vigilance of the EMHP Management/Labor Committee, we believe that it is important that the county have the benefit of comparative data on the structure and design of other self insured employee medical health plans and how improvements can be made to the current plan. This information will be important in preparing multi-year budget forecasts, contract negotiations and fine-tuning benefit design. I have included an additional \$35,000 in the 2005 recommended budget for the completion of a study on the EMHP benefits.

2005 BUDGET ISSUES

EXPEDITE STATE AND FEDERAL GRANT ALLOCATIONS TO CONTRACT AGENCIES.

- ✓ Previous budgets would include state and federal funds based on the current years' actual commitment of state or federal grants to contract agencies, less any funding included by the Legislature as part of the budget amending process. This process was followed even when it was known that the allocation of funds to contract agencies would be different for the coming year.
- ✓ The 2005 recommended budget reflects the allocation of funds shown in the Health Department's August update, and reflects the most current information available on the projected allocation of grant funds of the ensuing year.
- ✓ Including the funding as projected will save approximately four to six months in actually contracting with the agencies once the award is made. Only those contract agencies whose allocation of state or federal aid differs from the department's August update estimates will have to wait for adoption of a Legislative resolution to reallocate funding shown in the recommended budget.

CONTRACT AGENCIES

- ✓ The recommended budget provides a 2% increase to the 2004 adopted base amount of contract agencies, less the one shot grants provided as part of individual legislative initiatives in 2004.

TRANSFER TO THE EMPLOYEE MEDICAL HEALTH PLAN (EMHP)

- ✓ For 2005, there is a large inter-fund transfer to the EMHP far in excess of the actual increase in expenditures, which may create the impression that EMHP costs are rising greater than they actually are. The reason for this is the adoption of a resolution at the end of 2003 which paid for EMHP overruns through the authorization of a budget note. The budget note was to be repaid from surplus sales tax revenues. At the same time, the 2004 inter-fund transfers to the fund were reduced and the actual expenses for 2003, including prior year carry-over deficits, were higher than anticipated than when the budget note was authorized.
- ✓ As a result, this fund shows a \$9 million shortfall of revenues for 2003 and 2004, which will be made up for in fiscal 2005 through an increase in the inter-fund transfers. However, this \$9 million appropriation adjustment should not be construed as a \$9 million increase in 2005 EMHP costs. We are simply bringing the county's books and records into conformity with accounting principles and balancing the fund.

HOUSING OF INMATES:

- ✓ For 2005, the Executive's recommended budget includes funding for the average monthly cost of maintaining inmates out of county during the construction of the pre-fabricated housing units in Yaphank. At the same time, we are pursuing all legal options to have the State Commission of Corrections recertify the two housing units in Yaphank.

MEDICAID:

- ✓ The 2005 recommended budget includes the budget estimate from the Department of Social Services regarding projected expenditures for 2004 and 2005 Medicaid costs. Based on a conference call with other county budget directors in early September, Suffolk's increase in Medicaid expenditures appears to be in line with others counties projections. Suffolk is fortunate that we have not had to deplete our tax stabilization reserve fund, face layoffs, or sell assets such as nursing homes to address the ever increasing costs of Medicaid as other counties have had to do.

JOHN J. FOLEY SKILLED NURSING FACILITY (JJFSNF):

- ✓ The 2005 recommended budget continues to fund the operating shortfall at the JJFSNF with operating subsidies from the General Fund. In 2005, the operating subsidy for the General Fund is recommended to increase from \$2.6 million in 2004 to \$8.4 million in 2005. This amount does not reflect the full cost of the maintenance in lieu of rent charge for heat, light and power for 2005, which will be adjusted in 2006.
- ✓ The Health Department has recognized the importance of reducing the amount of the General Fund subsidy and has redeployed senior financial staff to the facility with a charge to review operations and reduce the operating budget. Management staff from the Executives' Office have also looked at the issue and met with other nursing home administrators to get a better understanding of the issues that governmental sponsored nursing homes face. The Executive's Office will carefully monitor the progress of the JJFSNF in reducing its operating deficit.

CAP COMPLIANCE

- ✓ The 2005 recommended budget complies with the requirements of the expenditure and tax levy caps as required by LL 21-1983, LL 38-1989 and the Simplified Dual Budgetary Process Law 29-1995. Every County Executive from the time these caps were adopted has had to request that the Legislature adopt a supplemental resolution to provide funding for necessary expenditures which could not be accommodated within the budget caps.
- ✓ Shortly after the 2004 budget was adopted, my transition team was told that the 2005 budget would need to exceed the established expenditure caps because of the Police arbitration award and required New York State employee pension obligations. I am requesting that the Legislature adopt a companion resolution to my recommended operating budget which will fund New York State mandated pension obligations for 2005. Funding for the pension obligation has been provided in the recommended budget, and those appropriations can be restored to the budget without any adjustment to my recommended tax warrant.

2006 BUDGET ISSUES

HOSPITAL LOANS

- ✓ A major new expense that is not factored into the multi-year budget model is the impact of extending Suffolk's credit or borrowing on behalf of not-for-profit hospitals. I issued a warning on this very matter when I vetoed capital budget amendment 2-2004 on June 25, 2004, which funded a Southside Hospital loan.

This veto was issued on the basis of serious financial concerns raised by the county's financial advisor that the County Legislature was acting without a plan or a full understanding of the implications of taking on such high-risk debt.

- ✓ The Executive's Office has authorized an extension of the county's financial advisor's contract to provide analysis of the financial impact of such an action. The Legislature should carefully weigh the implication of extending our credit and we await the Legislature's Budget Review Office report on the financial feasibility of such action before proceeding.

NEW YORK STATE BUDGET AND MANDATE ISSUES

- ✓ Suffolk and other counties cannot continue to sustain both the budget uncertainty of late New York State budgets nor the continual increases in mandated expenses associated with Medicaid and other mandates. Compounding these budget issues that affect all counties, Suffolk has the added burden of being penalized by the New York State Commission of Corrections with regard to allowing Suffolk to use the inmate housing units in Yaphank that were decertified in March of 2004. In total, the cost of the direct housing and transportation costs as well as the indirect costs have added, in just nine months, \$4 million to Suffolk's costs. If not for the management initiatives adopted by the county during 2004, these costs would have resulted in the loss of services and reductions to contract agencies.

BUDGET PRESENTATION- IMPROVING UNDERSTANDING

The operating budget is one of the most important documents a government issues. It should be a document that educates, not obfuscates. Over the past three decades, the presentation of the annual operating budget has changed or improved little. The budget document had evolved into four volumes that present fragmented departmental and programmatic information. The requirements of various cap laws made the budget document even more convoluted. It was nearly impossible to find the total cost of those departments whose functions are both mandated and discretionary, such as the Sheriff, Social Services and Health.

This year's capital program presentation was updated to be more user friendly and present only relevant data. This operating budget presentation is continuing that trend:

- ✓ A budget primer and glossary of technical terms has been added to the budget.
- ✓ The departmental budget narrative is the part of the budget that most people read and understand. To improve the utility of the narratives, we have changed them to refine workload statistics that are relative to the budget, presented workload data in graphical format for the first time and provided justification why funding has or has not been included for various departmental programs.
- ✓ The budget and narrative, Volume 1, includes all discretionary and mandated costs for the departments, mandated costs have been shaded for easy identification.

- ✓ Staffing, reclassifications and appropriations previously segregated from the departmental budget narrative are now presented on a department by department approach. To look at the total cost of a department, it will no longer be necessary to find the information in three different volumes of the budget.
- ✓ Maps showing the boundaries of all sewer districts are shown with the sewer district budget data.
- ✓ For the first time, the recommended budget has included a greater level of detail on the funding of contract agencies. The recommended budget includes schedules of recommended funding for contract agencies in both pseudo-code and alphabetical order by agency name. I have provided this information because I know that it is important to Legislators when reviewing the recommended budget.
- ✓ This budget presentation includes a section that lays out the major technical assumptions related to sales tax, OTB revenues, inter-funds to the Employee Medical Health Plan, Fund 16 charge-backs and other major adjustments whose rationale may not be immediately obvious to someone reading the budget document. The 2005 recommended budget is the first step in a continuous process to upgrade and enhance the budget presentation for all users, county officials, employees and the general public alike.

I would like to take this opportunity to thank the staff of my Office of Budget & Management for the time and hard work they put into reformatting the operating budget to make it more user friendly, and for all of their efforts in helping me bring Smart Government principles to the people of Suffolk County. I take deep pride in their conscientious efforts.

In conclusion, adoption of my Smart Management Budget Plan for 2005 will allow us to provide essential health, safety, and recreation activities at affordable levels as we bring Suffolk County government in line with sound principles of smart management, financial prudence and fiscal discipline.

I ask the County Legislature to join with me in bringing SMART GOVERNMENT to the people of Suffolk County. My staff and I stand ready to provide whatever assistance you require.

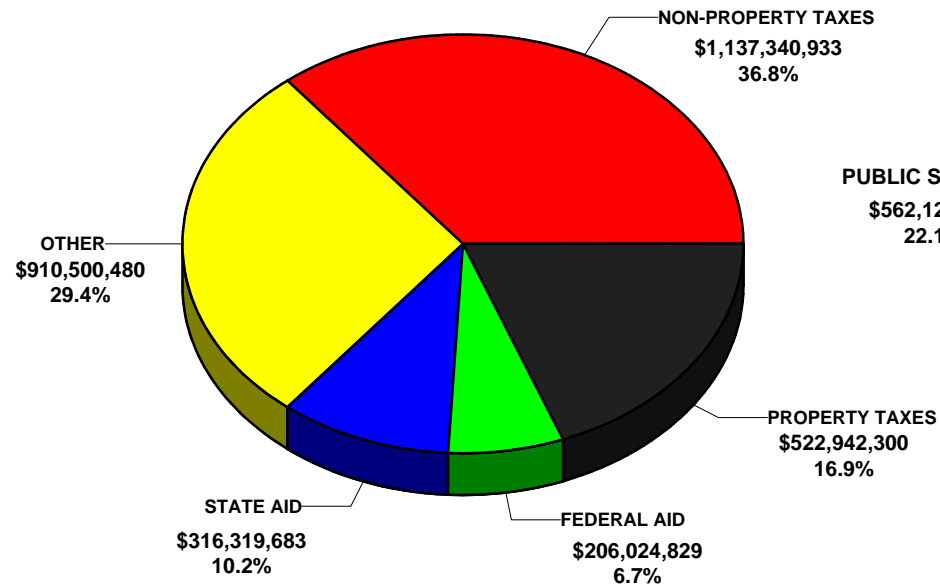
VERY TRULY YOURS,

A handwritten signature in cursive script that reads "Steve Levy". The signature is written in dark ink and is positioned above the printed name and title.

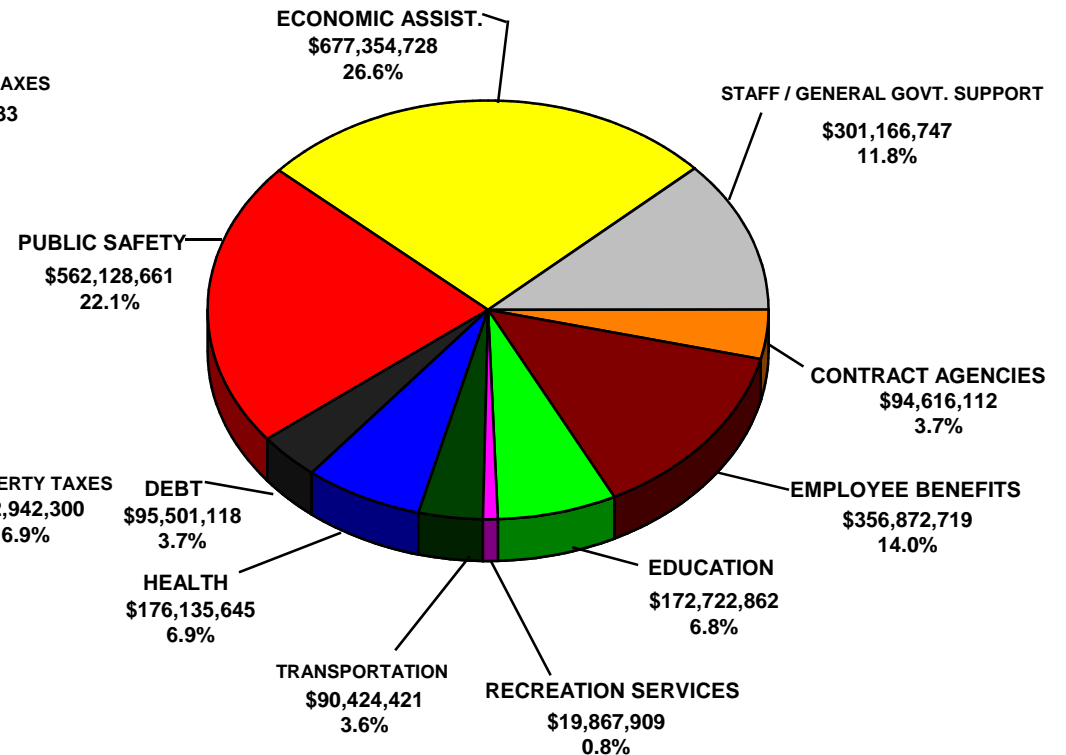
STEVE LEVY
SUFFOLK COUNTY EXECUTIVE

SUFFOLK COUNTY OPERATING BUDGET 2005

... WHERE IT COMES FROM...



... WHERE IT GOES ...



Recommended

Note: Revenues include interfund transfers, appropriations are net of interfund transfers

2005 RECOMMENDED BUDGET PROPERTY TAX WARRANT SUMMARY

FUND	2003	2004	2005	DIFFERENCE	CHANGE
General	\$53,499,213	\$53,499,213	\$52,499,213	-\$1,000,000	-1.87%
College	\$4,692,081	\$2,256,286	\$3,242,963	\$986,677	43.73%
EASTERN TOWNS	\$58,191,294	\$55,755,499	\$55,742,176	-\$13,323	-0.02%
District Court	\$9,970,200	\$5,675,371	\$9,686,904	\$4,011,533	70.68%
Police	\$372,520,814	\$396,784,286	\$411,101,359	\$14,317,073	3.61%
WESTERN TOWNS	\$440,682,308	\$458,215,156	\$476,530,439	\$18,315,283	4.00%

**2005 RECOMMENDED COUNTY OPERATING BUDGET
TAX WARRANT FOR THE AVERAGE TAXPAYER
with Stand Alone Resolution**

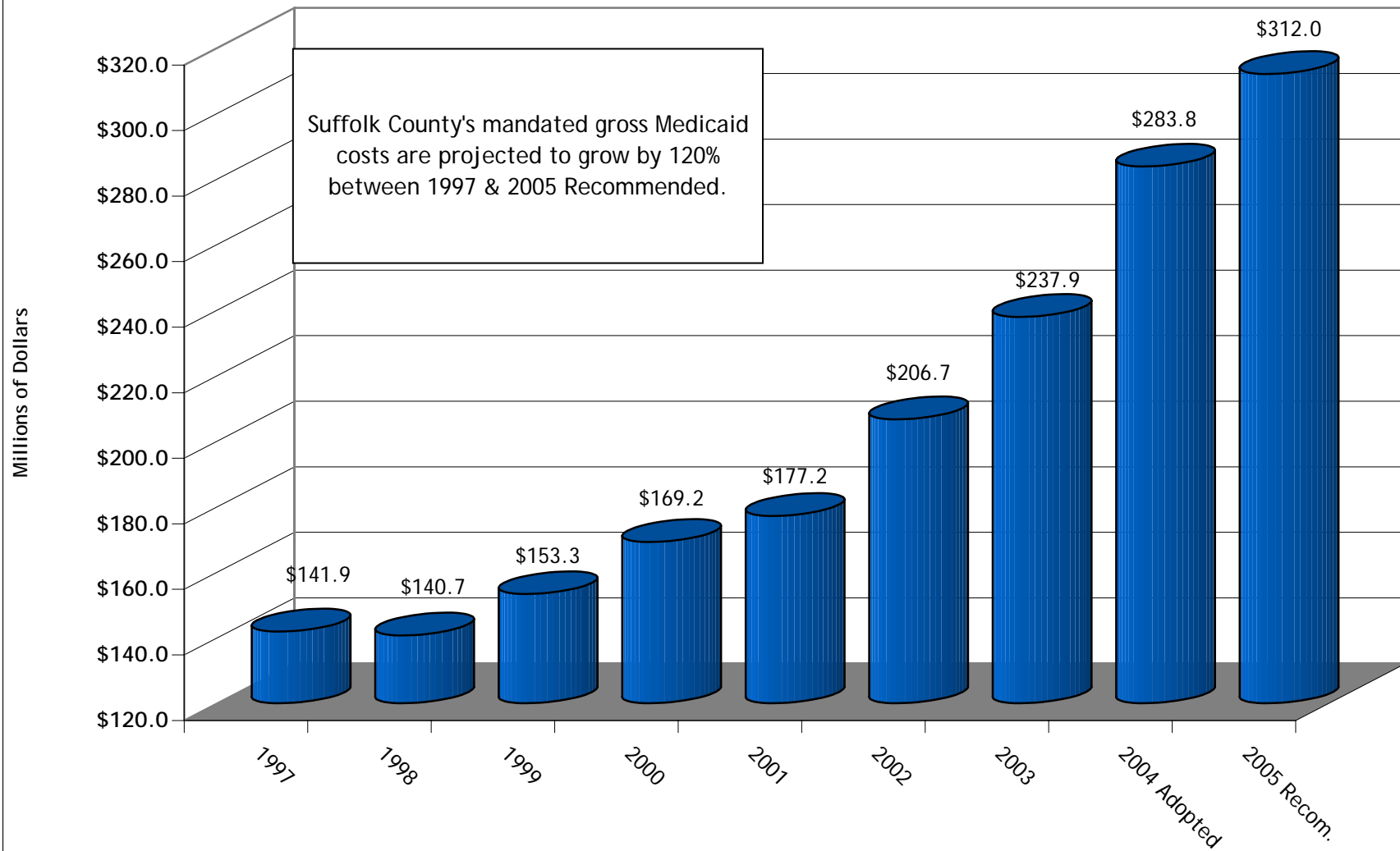
TOWN	2003/2004	2004/2005	CHANGE INC / (DEC)	PERCENTAGE CHANGE
EASTERN				
EAST HAMPTON	\$213.74	\$168.59	(\$45.15)	-21.12%
RIVERHEAD	\$73.46	\$82.93	\$9.47	12.89%
SHELTER ISLAND	\$178.38	\$155.84	(\$22.54)	-12.64%
SOUTHAMPTON	\$239.85	\$245.65	\$5.80	2.42%
SOUTHOLD	\$152.20	\$192.67	\$40.47	26.59%
EASTERN WEIGHTED AVERAGE	\$193.71	\$193.71	(\$0.00)	0.00%
WESTERN				
BABYLON	\$796.39	\$819.99	\$23.60	2.96%
BROOKHAVEN	\$876.59	\$903.65	\$27.06	3.09%
HUNTINGTON	\$1,328.45	\$1,383.42	\$54.98	4.14%
ISLIP	\$882.28	\$918.62	\$36.34	4.12%
SMITHTOWN	\$1,276.36	\$1,279.58	\$3.22	0.25%
WESTERN WEIGHTED AVERAGE	\$982.47	\$1,013.46	\$30.98	3.15%
WEIGHTED AVERAGE	\$843.47	\$869.00	\$25.52	3.03%

TOWN	2004/2005 AV TAX RATE PER \$100	2004/2005 FV TAX RATE PER \$1000
BABYLON	\$23.72	\$3.15
BROOKHAVEN	\$31.78	\$3.21
E. HAMPTON	\$1.79	\$0.18
HUNTINGTON	\$33.06	\$3.11
ISLIP	\$2.24	\$3.10
RIVERHEAD	\$0.19	\$0.31
SHELTER ISLAND	\$0.02	\$0.24
SMITHTOWN	\$21.98	\$3.16
SOUTHAMPTON	\$0.03	\$0.28
SOUTHOLD	\$2.86	\$0.36

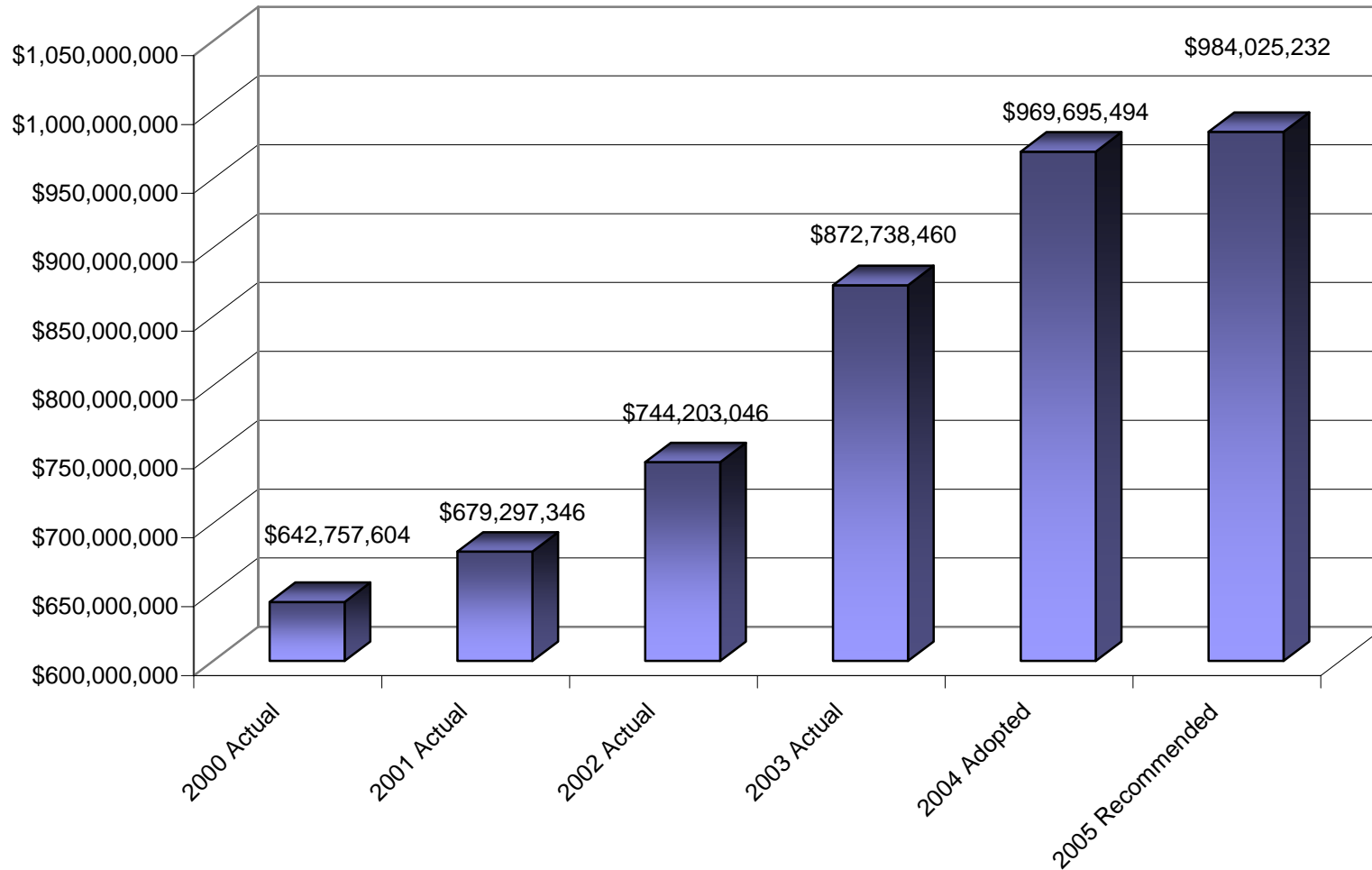
NOTES:

- 1) THE DATA USED TO UPDATE THIS REPORT WAS INCOMPLETE AS OF 9/14/04. THE DATE THIS DOCUMENT WENT TO PRINT WAS 9/14/04.
- 2) THIS REPORT UTILIZES TENTATIVE EQUALIZATION RATES ESTABLISHED BY NEW YORK STATE BOARD OF EQUALIZATION FOR 2004.
- 3) THE SCHEDULE A FROM THE TOWN OF BROOKHAVEN WAS NOT AVAILABLE AS OF 9/14/04. THE 2003 ADOPTED TAXABLE ASSESSED VALUE AND TOTAL ASSESSED VALUE WERE USED AND A GROWTH RATE WAS APPLIED.
- 4) ONLY PRELIMINARY SCHEDULE A'S WERE AVAILABLE FROM THE TOWNS OF EAST HAMPTON, RIVERHEAD, SMITHTOWN, SOUTHAMPTON AS OF 9/14/04. ALL OTHER TOWNS SUBMITTED FINAL SCHEDULE A'S.
- 5) EAST HAMPTON SCHEDULE A REFLECTED THE CONVERSION TO FULL VALUATION. AN APPROPRIATE CONVERSION FACTOR WAS APPLIED TO THE AVERAGE ASSESSED VALUE FOR THE COST TO THE AVERAGE TAXPAYER CALCULATION.
- 6) THE TAX WARRANT FOR THE EASTERN TOWNS IS BASED ON THE GENERAL FUND AND COMMUNITY COLLEGE FUND.
- 7) THE TAX WARRANT FOR THE WESTERN TOWNS IS BASED ON THE GENERAL FUND, COMMUNITY COLLEGE FUND, POLICE DISTRICT FUND AND DISTRICT COURT FUND.
- 8) THE CALCULATION FOR THE COST TO THE AVERAGE TAXPAYER IS BASED ON THE BUDGETED TAX WARRANT FOR 2005.

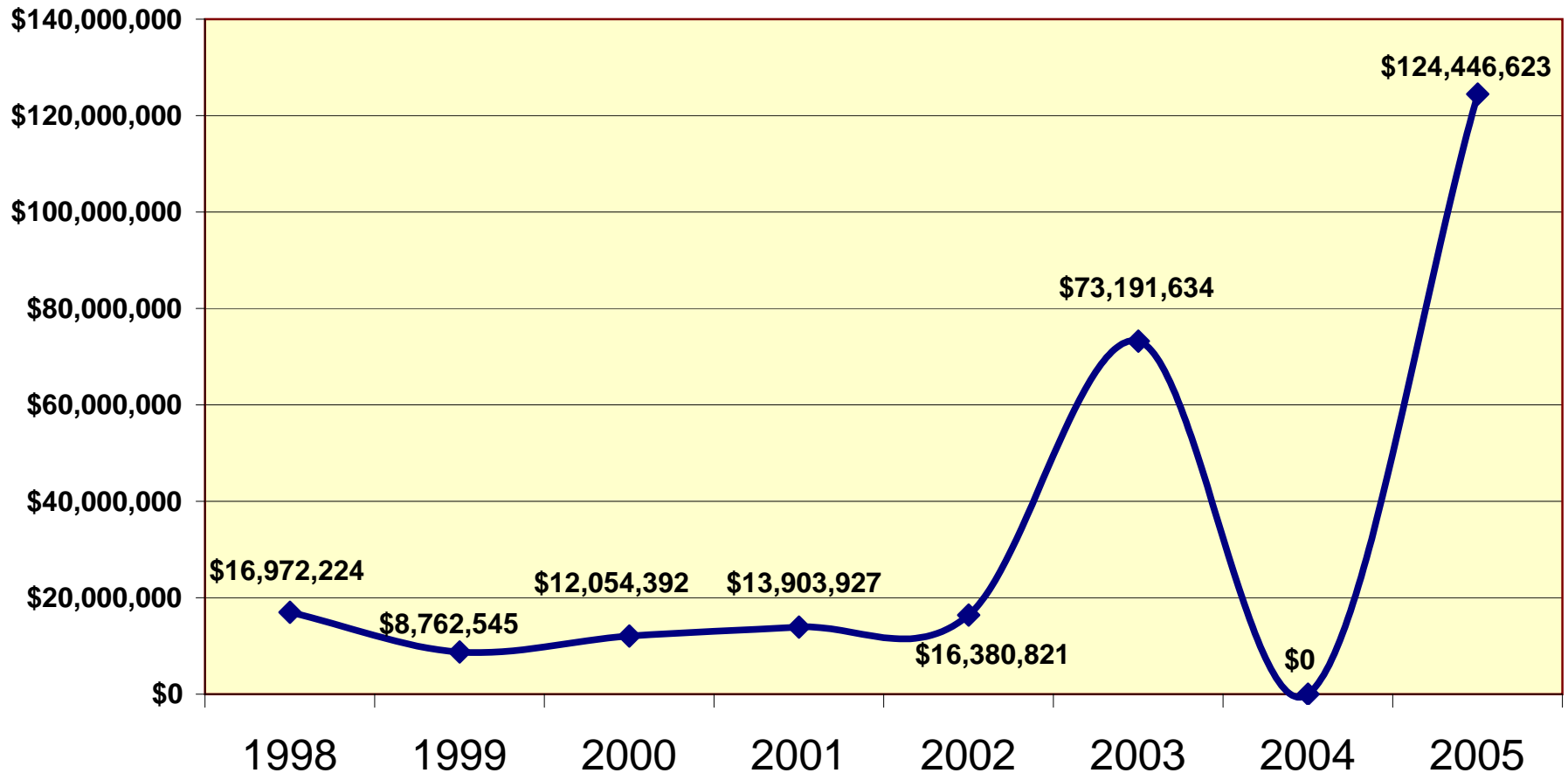
Suffolk County Gross Medicaid Costs



Mandated Appropriations 2000-2005



Summary of Mandated State Payments to Retirement System



THE 2005 TOTAL IS ESTIMATED AT \$124,446,623.
ALL AMOUNTS INCLUDE SUFFOLK COUNTY COMMUNITY COLLEGE .



Alternatives for Youth Program Proposal 2005 Recommended Budget Details

Department	Description	Appr.	Sub-object	Gross Amount	Net Amount	Notes
Executive - Youth	Youth Coordinators - Contract Services	7326*	4980	\$ 211,500	\$ 74,025	Subject to RFP
DSS	AFY Agency Implementation - Contract Services	6115	4980	\$ 600,100	\$ 138,023	Subject to RFP
Probation	Educational Advocacy - Contract Services	3193*	4980	\$ 130,000	\$ 45,500	Subject to RFP
Probation	Mentoring Coordinator - Contract Services	3193*	4980	\$ 67,500	\$ 56,700	Subject to RFP
DSS	Staff	6115*	1100	\$ 153,925	\$ -	Create three new positions, transfer one vacant position to new appropriation.
Probation	Staff **	3193*	1100	\$ 103,367	\$ 86,828	Transfer two existing filled positions to new appropriation.
Health	Staff	4317*	1100	\$ 106,642	\$ 53,321	Transfer two existing vacant positions to new appropriation.
Health	Mental Health Programs	4310	4980	\$ 145,440	\$ -	Dedicate portion of existing state funds for provision of mental hygiene services to AFY.
DSS	Expenditure Decrease	6121*	4690	(\$2,150,000)	\$ (1,354,500)	Probation Institutional Placement reductions: 13 in-state placements at \$90,000 each and 7 out-of-state placements at \$140,000.
Health	Expenditure Decrease	4325	4910	(\$145,440)	\$ (145,440)	Reduction in the number of remands to Sagamore Children's Hospital.
TOTALS:				(\$776,966)	(\$1,045,543)	

* Denotes new appropriation

** Two vacant Probation Officer Trainee positions will be released to backfill the transfer of these filled positions.

BUDGET PROCESS

An Adopted Operating Budget represents the spending plan for the County's operation during a specific fiscal year. The budget process consists of preparing the budget, adopting the budget and monitoring the budget. Once a budget is adopted, it must be monitored to compare actual expenses and revenues with the projected estimate contained in the budget. Where variance occurs, corrective action may be required. In addition, the budget must be reviewed in terms of revisions in County policies, changes in service demands, revisions in federal and state funding, and shifts in the fiscal environment.

In Suffolk County three separate budgets are prepared and adopted each year:

1. The Operating Budget details the expenditures for the County's day-to-day operation. It is financed through revenues, such as state aid, user fees, property tax and sales tax receipts received during that fiscal year;
2. The Capital Budget provides the capital program and presents a multi-year spending plan for major physical improvements or construction. Capital projects are financed through long term borrowings, such as the issuance of serial bonds, and state or federal aid. The payment of interest and the repayment of principal for these borrowings is contained as an expense in the County's Operating Budget.
3. The Community College Budget details the expenditures for the day-to-day operations of the Community College. The College is financed primarily from student tuition, state aid, and the County. The cost of the County's support is included in the County's Operating Budget. Reference is made to the Capital and Community College Budgets as the County's yearly financial support for these Budgets is included in the Operating Budget.

Article IV of the Suffolk County Charter and Suffolk County Administrative Code establishes the policies and procedures which governs the preparation, submission and adoption of the County Operating Budget.

BUDGET TERMINOLOGY



TERM	DEFINITION
(A) Abolished	A currently authorized position deleted from the budget.
Accrual Accounting	A basis of accounting in which expenditures and revenues are recorded at the time they are incurred or are available, as opposed to when cash is actually received or spent.
Appropriation	A specific amount of money authorized for the purchase of goods and services.
Contingency Fund	An appropriation of funds to cover unforeseen events that may occur during the fiscal year. Legislative approval is required to use contingency funds.
County Share	The amount of support required from general county resources (e.g., property or sales taxes) after all other revenue sources attributed to the operations of a department or division are subtracted from total appropriations or expenditures.
Debt Service	The County's obligation to pay the principal and interest on all bonds and other debt obligations according to a predetermined payment schedule.
Discretionary Budget	The portion of the Operating Budget which details all the expenditures and associated revenues which are not mandated. This budget includes such expenditures as the cost of Social Services staff, Police services and most Health Services programs.
District Court (Fund 133)	This fund includes the revenue and expenditures for the building maintenance and operation for the district courts located in the five western towns and the administrative court located in the Cohalan Court Complex. These costs are largely offset by the receipt of fines and State aid.
(E) Earmark	A vacant position for which the title has been changed, after the Operating Budget has been adopted to reflect a change in the needs of the department. Earmarked positions are changed to budgeted positions in the next budget.
Enterprise Fund	A self-supporting governmental fund in which the services provided are financed and operated similarly to those of a private business, with user charges providing the majority of the revenue necessary to support operations.
E-911 Fund (Fund 102)	A special revenue fund for appropriations and revenues associated with the operation of the Enhanced 911 Emergency Telephone System. The E-911 Fund is part of the Operating Budget and is considered an operating

BUDGET TERMINOLOGY



TERM	DEFINITION
	fund.
Estimated Budget	The budget prepared during the fiscal year which revises the adopted budget to reflect any changes in anticipated expenditures and/or revenues for that fiscal year.
Local Law 21-1983 (Expenditure Cap Law)	This Law established a 4% limit on increases in discretionary (non-mandated) expenditures in the annual County Operating Budget. Increases above the 4% level requires fourteen votes from the County Legislature for approval.
Local Law 38-89 (Tax Levy Cap Law)	This Law imposed a 4% limit on the rate of increase in actual countywide tax payments for discretionary (non-mandated) general county and Police District purposes. Increases above this level require fourteen votes from the County Legislature for approval.
Local Law 29-95 (Dual Budgetary Process)	This Law requires the County Executive to submit two separate documents detailing the expense budget: one outlining expenditures or outlays statutorily required; the other outlining those expenditures, programs or services to be provided by the County which are not statutorily required.
Mandated Budget	The portion of the Operating Budget which represents expenditure or outlay required by state or federal law and the cost of repayment of debt service.
Modified Accrual Accounting	A basis of accounting in which expenditures are accrued but revenues are accounted for when they become "measurable" and "available". This accounting technique is a combination of cash and accrual accounting, since expenditures are immediately incurred as a liability while revenues are not recorded until they are actually received or are "measurable" and "available for expenditure". Since this type of accounting basis is a conservative financial approach, it is recommended as the standard for most governmental funds. All County funds except the Enterprise Fund use the modified accrual basis of accounting.
(N) New Position	A new position being added to the budget.
Object	A category of expense, such as supplies, personal services or utilities. Objects of expense may be broken down into subcategories called sub objects.
Operating Budget	The budgets, expenditures and revenues related to the annual program and spending plan for County operations, services and normal maintenance.

BUDGET TERMINOLOGY



TERM	DEFINITION
Other Than Personal Services (OTPS)	The expenditures for all non-personal services. Includes goods and services such as supplies, equipment, contractual services, utilities, rentals and repairs.
Police District Fund (Fund 115)	This Fund includes the revenues and expenditures for that portion of the Police Department which provides services to the Police District. The Police District covers the five western townships of Babylon, Brookhaven, Huntington, Islip and Smithtown, excluding those incorporated villages which have elected to maintain their own police force.
(R) Reclassification	A change in the title of a filled position to reflect the actual duties performed by the incumbent. Reclassifications are the result of a review conducted by the Department of Civil Service/Human Resources.
Recommended Budget	The budget plan for the upcoming fiscal year recommended by the County Executive to the County Legislature for its formal approval.
Requested Budget	The budget plan for the upcoming year submitted by a department to the County Executive for consideration in developing the Recommended Budget.
Reserve	The funds which are accumulated, held and set aside for future use or the payment of some future obligation. Funds held in reserve may be restricted to particular uses or they may be unrestricted.
Revenue	The funds that the County receives as income, including tax payments, services fees, receipts from other governments, fines, forfeitures, grants, interest income, etc.
Road Funds (Fund 105)	A Fund used to account for all revenues and expenditures related to the maintenance of County roads and bridges, snow removal, and the construction and reconstruction of County roads not required to be recorded in the Capital Project Fund. The Road Fund is a part of the Operating Budget of the County and is considered an operating fund.
Sewer District Funds	The budgets and expenditures in the twenty sewer district funds related to the annual program and spending plan for sewer facility operations, services and normal maintenance. Sewer districts are self-supporting entities with a separate authority to levy real property taxes. The Sewer Fund is included in the annual budget documents because of the need for the legislative authorization, but it is not a part of the Operating budget nor is it considered an operating fund.
Sub-Object	A subcategory of expense, such as office supplies, postage and printing, within an object of expense (supplies,

BUDGET TERMINOLOGY



TERM	DEFINITION
	material and other expenses).
Tax Levy	The total amount of real property tax revenue to be levied by the County in a single fiscal period.
Tax Warrant	The total amount of revenue needed to be raised by the County in a single fiscal period.
(T) Transfer	A currently authorized position and/or job title in a department which is transferred to another department or to another division within the department.
Turnover Savings	Anticipated savings in salary expenses resulting from temporary job vacancies created by employee turnover. This amount is subtracted from the amount budgeted for salaries.

 SUFFOLK COUNTY BUDGET CALENDAR			
JANUARY	FEBRUARY	MARCH	APRIL
<p>Capital Budget instructions sent to departments</p> <p>County Fiscal Year Begins January 1</p>	<p>Departments capital budget and program requests submitted to Budget Office</p> <p>Community College is sent instructions for preparing Community College Budget</p> <p>REVIEW OF GOVERNOR'S PROPOSED BUDGET</p>	<p>Budget Office reviews Capital request</p>	<p><u>COUNTY EXECUTIVE SUBMITS RECOMMENDED CAPITAL BUDGET TO COUNTY LEGISLATURE</u></p> <p>Community College submits budget to County Executive</p> <p>County Executive sends out instructions for the Operating Budget Request</p> <p>Review of State Budget when adopted</p>
MAY	JUNE	JULY	AUGUST
<p>Legislature holds public hearing on Capital Budget</p>	<p><u>CAPITAL BUDGET ADOPTED</u></p> <p><u>COUNTY EXECUTIVE SUBMITS RECOMMENDED COMMUNITY COLLEGE BUDGET TO COUNTY LEGISLATURE</u></p> <p>DEPARTMENTS OPERATING BUDGET REQUEST SUBMITTED TO BUDGET OFFICE</p> <p>Budget Office begins review of department Operating Budget requests</p> <p>Executive Department budget hearings</p>	<p>Budget Office reviews revenues and expenditures to project estimates for the current year</p> <p>Budget Office continues to review department budget requests</p>	<p><u>COMMUNITY COLLEGE BUDGET ADOPTED</u></p> <p>County Executive holds two public hearings on recommended operating budget</p> <p>Budget Office continues preparation of recommended budget</p>
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<p>Community College fiscal year begins September 1</p> <p>COUNTY EXECUTIVE SUBMITS RECOMMENDED OPERATING BUDGET TO COUNTY LEGISLATURE ON OR BEFORE THE 3rd FRIDAY OF THE MONTH</p>	<p>Legislative Public Hearings on Operating Budget</p> <p>County Legislature and Budget Review Office review the County Executive Recommended Budget</p>	<p><u>OPERATING BUDGET ADOPTED</u></p>	<p>Legislature adopts real property tax levies and warrants</p> <p>Tax bills sent by towns</p>

Ongoing: Budget Analysts Meet With Departments to Monitor Operating Budgets Throughout the Year